

EXHIBIT D.1

MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, APRIL 21, 2010 AT 7:00PM AT AZALEA HALL 1620 PICKETT ROAD, MCKINLEYVILLE

The regular meeting of the Board of Directors of McKinleyville Community Services district convened at 7:03pm with the following Directors, staff and representatives in attendance:

Helen Edwards, Board President
Dennis Mayo, Vice President
John Corbett, Director
Bill Wennerholm, Director

Norman Shopay, General Manager
Gregory Orsini, Operations Director
Jason Sehon, Park & Recreation Director
Steve Edmiston, Finance Director
Sharon Denison, Board Secretary
Russell Gans, District Legal Counsel

AGENDA ITEM A-CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE AND ADDITIONS TO THE

AGENDA: At 7:00pm President Edwards called the meeting to order with all Directors present except Director Couch and asked Director Corbett to lead the pledge of allegiance. There were no additions to the agenda.

AGENDA ITEM B-APPROVAL OF THE AGENDA: It was Board consensus to approve the agenda.

AGENDA ITEM C-PUBLIC HEARINGS-none

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Board of Directors' Regular Meeting of March 17, 2010.
2. Consider approval of March 2010 Treasurer's Report.
3. Consider approval of service disconnections for Double Check Valve (DCV) Violations.

MOTION: It was moved to approve the consent calendar. Motion by Corbett; second by Mayo.

MOTION VOTE: Ayes: Corbett, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E.1-CONSIDER AWARD OF BID FOR CONSTRUCTION OF RAMEY PUMP STATION UPGRADE TO LOW BIDDER WAHLUND CONSTRUCTION IN THE AMOUNT OF \$864,468 AND CONSIDER BID PROTEST, APPROVING DIGITAL CONTROL AND SCADA SYSTEM AND 15% CONTINGENCY:

General Manager Shopay reviewed staff's recommendations with the addition to the first recommendation to include "Authorizing execution of the construction contract provided with the bid solicitation packet." He added that staff had received correspondence advising that the Department of Industrial Relations have dismissed the charges against Colburn Electric. Legal Counsel Russell Gans was present to review the nature of the bid process and the legal issues involved and the legal standards used for to determine if a bidder is responsible. He was in support of staff recommendations. Director Corbett asked for clarification of the bid amount listed for Pacific Infrastructure Corporation as \$99,400.00. Staff clarified that actual bid amount was \$999,400.00. President Edwards opened up public input and Jeremiah

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Scott, the attorney for Wahlund Construction, along with Mr. Wahlund and Randy Cox with Colburn Electric advised the Board on the circumstances leading to the charges, explained that they had been dismissed and asked for Board support in awarding the contract to Wahlund Construction. David Elsebusch expressed concern with the cost of this project. President Edwards closed public input.

MOTION: It was moved to:

1. Approve awarding the bid for construction of the Ramey Pump Station Upgrade project to Wahlund Construction Company in the amount of \$864,468 and authorize execution of the construction contract provided with the Bid Solicitation package.
2. Deem the bid from Wahlund Construction Company and Colburn Electric Company to constitute a responsive bid.
3. Approve up to \$26,000 for construction inspection professional services.
4. Approve a digital Control and SCADA system upgrade up to \$20,000.
5. Approve a 15% project contingency amount up to \$136,570.
6. Approve a total expenditure of \$1, 047,038.

And the motion included the following in regards to the bid process and pending protest:

1. Approve awarding the bid for construction of the Ramey Pump Station Upgrade project to Wahlund Construction in the amount of \$864,468, the low bidder during the bid process and authorize execution of a construction contract provided with the Bid Solicitation package.
2. Deem the bid from Wahlund Construction Company and Colburn Electric Company to constitute a responsive bid.

Support for these conclusions includes each of the following points:

- Wahlund Construction was the low bidder on the project;
- The bid appears responsive to the plans and specifications prepared by retained engineers Winzler & Kelly and all components of the proposed Ramey Pump Station Upgrade project;
- No factual information or allegations have been presented demonstrating the Wahlund Construction should be deemed “non-responsible”;
- Wahlund Construction has provided substantial support for the conclusion it is a reputable and responsible contractor experienced with public works of improvement, and is appropriately licensed and bonded;
- The materials submitted by Colburn Electric Inc., demonstrates that NCECI’s allegations against Colburn Electric, Inc. for failure to use apprentice electricians was dismissed by the Department of Industrial Relations on June 3, 2009;
- The materials submitted by Colburn Electric, Inc. indicate that the entity was responsive to past Labor Code violation claims and is taking responsible action to remedy the claims with the Department of Industrial Relations;
- The materials submitted by Colburn Electric, Inc., demonstrate that it has performed work on numerous public works of improvement, apparently without any bar, preclusion or determination of non-responsibility;
- The letters of reference submitted in support of Colburn Electric, Inc., by reputable Humboldt County entities St. Joseph hospital and Blue Lake Rancheria demonstrate satisfactory past performance for protracted time periods;
- The materials submitted by Colburn Electric, Inc., support the conclusion that is appropriately bonded and satisfactorily capitalized.

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Motion by Mayo; second by Corbett.

MOTION VOTE: Ayes: Corbett, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.2-CONSIDER APPROVAL OF A WATER RATE INCREASE IN THE AMOUNT OF 3% AS A RESULT OF HUMBOLDT BAY MUNICIPAL WATER DISTRICT PROJECTED RATE INCREASE TO MCSD: Staff presented the proposal to increase rates the additional 3% reserve factor previously approved by the voters through a 218 process. After a brief Board discussion President Edwards opened public input and two people spoke expressing concern with the proposal and one person supported the increase but was concerned with any future 218 rate- adjustment formulas without a cap or mechanism to question HBMWD costs and practices.

MOTION: It was moved to approve the 3% water rate increase to be applied to water billings prepared by the District starting on May 1, 2010 as a result of HBMWD anticipated water rate increase to MCSD.

MOTION VOTE: Ayes: Corbett, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

After a brief discussion it was direction to staff to proceed with revising the District Rules and Regulations to reflect the water rate changes and initiate an evaluation of a new Proposition 218 process to consider establishing a water rate increase adjustment formula that accounts for future actual water cost increases approved by HBMWD Board of Directors, include an annual cost of living inflation factor, addresses the deficiency needed to make up the difference to meet the total rate increase by HBMWD and incorporates needed contributions to fund our reserve account. The planned term of the rate adjustment formula should be for a five (5) year term and include a not to exceed in the flow through amount in the formula and bring this back to the Board for consideration and approval.

AGENDA ITEM E.3-CONSIDER AWARD OF MEASURE B RENEWAL PROPOSAL SUBMITTED BY LEW EDWARDS GROUP FOR ASSISTANCE RELATED TO THE MEASURE B RENEWAL PROCESS:

MOTION: It was moved to approve execution of an agreement with the Lew Edwards Group at a cost not to exceed \$20,000 for polling and \$20,000 for professional services as outlined in their February 8, 2010 proposal. Motion by Wennerholm; second by Corbett

MOTION VOTE: Ayes: Corbett, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.4-STAFF INFORMATIONAL PRESENTATION AND VIDEO HIGHLIGHTING ANNUAL BASKETBALL TOURNAMENT:

Park & Recreation Director Sehon showed a video that covered the highlights of a recent tournament held as a fundraiser for the youth fee reduction fund. On a related note General Manager Shopay asked Park Director Sehon to report on a recent meeting they had attended with the 7th & 8th graders at McKinleyville Middle School. Park Director Sehon reported that he will be working with the students to put together a recreation survey for their school to get input as to what the student's desire for future recreation projects.

AGENDA ITEM E.5-STATUS REPORT REGARDING NEGOTIATIONS FOR ACQUISITION OF REAL PROPERTY LOCATED AT 1414 FISCHER ROAD: General Manager Shopay gave a status report on negotiations with

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Mr. Lourenco and noted this would be discussed further in closed session tonight. David Elsebusch was opposed to the purchase and Penny Elsebusch was concerned with the lack of information to the public.

AGENDA ITEM E.6-STATUS REPORT REGARDING NEGOTIATIONS FOR ACQUISITION OF REAL PROPERTY

LOCATED AT/NEAR GWIN ROAD: Park & Recreation Director Sehon gave a status report on this proposal which was also scheduled for closed session discussion tonight. Mr. Elsebusch was opposed to the purchase and felt it should be discussed in open session.

AGENDA ITEM E.7-CONSIDER PARTICIPATION IN HUMBOLDT WASTE MANAGEMENT AUTHORITY HOUSEHOLD WASTE COLLECTION EVENT TO BE HELD AT PIERSON PARK:

MOTION: It was moved to approve participation in the household hazardous waste collection event to be held at Pierson Park on Saturday July 17, 2010 with a 30% cost share not to exceed \$10,000. Motion by Corbett; second by Wennerholm

MOTION VOTE: Ayes: Corbett, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

Director Mayo reported that they were having informal “no toxics down the drain” meetings being held Thursday mornings at Ramone’s in McKinleyville and that they were working on designing an informational handout to be given out July 17th during the hazardous waste collection event at Pierson Park. General Manager Shopay offered staff’s help for this event if needed. Davis Elsebusch was opposed to this expenditure; however the Board supported this as a direct benefit to the District.

REPORTS:

F1a-RAC: Park & Recreation Director Sehon that next Thursday the committee would be working on updating the Parks Master Plan and the Dog Park Proposal was scheduled for the May 27th RAC meeting and they would be inviting the public to comment and would report back to the Board next month.

F1b-McK Area Fund: President Edwards reported that the Area Fund had given out four awards of \$500.00 with a fifth award pending.

F1c-RREDC: Neither President Edwards or Director Wennerholm were able to attend the last meeting.

F1d-McK Senior Center: Director Wennerholm promised to give a report next month.

F1e-Audit: Director Corbett reported he had met with staff to discuss timing for the next audit and made progress on a tentative schedule.

F1f-Negotiations: Director Wennerholm reported they were still in process of negotiating with staff.

F1g-Water Task Force: Director Mayo reported that they had started a second round of public meetings and that a meeting was scheduled for the 28th of May and he would get the details to Manager Shopay to e-mail to the Directors.

F1h-AdHoc No Drugs Down the Drain: Director Mayo had nothing to add to earlier discussion. Operations Director Orsini reported that the Open Door Clinic in McKinleyville had completed the installation of the drug receptacle and would be testing it for several months before opening it up for public use by McKinleyville residents. General Manager Shopay reported there would be something on this in the District’s next newsletter.

F2a-Support Services Department: Finance director Edmiston had nothing to add to his written report.

F2b-Operations Department: Operations Director Orsini reported he was in the process of completing the annual audit for the Department of Water Resources and it appeared that the loss of water

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unaccounted for was down to only 7% this year. He credited his crew and the office staff for their consciousness in looking for and reporting leaks.

F2c-Parks & Recreation Department: Park Director Sehon had nothing to add to his written report.

F2d-General Manager: General Manager Shopay had nothing to add.

F3-Chairman's Report: The Chairman had nothing to report.

F4-Board Members' Comments, Announcements & Reports: Director Mayo reported that Legislative Days were coming up soon and suggested Director Corbett should plan a presentation.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATION: President Edwards opened public input and the following people addressed the Board:

1. David Elsebusch was concerned with how agenda item H.3 was noticed and staff's non-response to his public records request.
2. Ron Coffman reported that former Board member Jeff Dunk had just received "Lecturer of the Year" award at HSU.
3. Penny Elsebusch asked if the chairs could be moved closer to the podium so the public could hear the discussion.

President Edwards closed public input. General Manager Shopay explained that after receiving a second follow-up demand two days after the initial request, staff determined, after considerable time and effort, that the initial public records request from David Elsebusch was a blank piece of paper received via fax and was located in the paper recycle bin.

ADJOURNMENT OF REGULAR MEETING: President Edwards adjourned the regular meeting at 9.17pm for a short break prior to closed session items.

AGENDA ITEM H-CLOSED SESSION: At 9:25pm President Edwards called the meeting back to order and announced that the Board would go into closed session.

TIME OUT OF CLOSED SESSION: The Board came out of closed session at 10:05pm.

REPORT ON ACTIONS TAKEN IN CLOSED SESSION: President Edwards reported that no action was taken by the Board in closed session.

AGENDA ITEM I-ADJOURNMENT: The meeting was adjourned at 10:05pm.

Respectfully Submitted,

Sharon L. Denison,
Board Secretary

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